

RELEASED

RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.



092534

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

06407
72 0496
SEP 3 1971

193

B-103315

Dear Mr. Begich:

Reference is made to your letter of July 28, 1971, forwarding a copy of a letter from Mr. Ken Wien, Wright Alaskan Travel, concerning the nonuse of travel agencies. You requested that the General Accounting Office (GAO) undertake a study of its regulations governing the procurement of passenger transportation services for official Government travel, particularly that part concerning the use of travel agencies.

Section 2013, title 5, of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies provides that official passenger transportation services by air, bus, rail, or water be procured directly from carriers and that travel agencies not be utilized to secure such transportation (1) within the United States, Canada, or Mexico, (2) between the United States and Canada or Mexico, (3) from the United States or its possessions to foreign countries, or (4) between the United States and its possessions and between and within its possessions.

A limited use of travel agencies is permitted under certain circumstances when authorized by administrative regulations for travel within foreign countries (except Canada and Mexico), between foreign countries, or from foreign countries to the United States and its possessions, provided no payment is made by the Government to a travel agency in addition to that which would have been properly chargeable had the service been obtained directly from the carrier(s) involved.

Our regulations pertaining to transportation and travel are constantly being reviewed and studied to provide agencies and carriers with up-to-date uniform information and guidance which will lead to improved traffic procurement and management consistent with good fiscal practices.

In 1966, in response to a request from the House Select Committee on Small Business, we made a detailed study of our regulations regarding the use of travel agencies by Government departments and agencies for the procurement of passenger transportation services. On the basis of our analysis of information developed within GAO or furnished to us by other Government agencies and by carrier associations, we concluded in our report (B-103315, October 17, 1966) that the restrictions on the use of travel agencies were legally, economically, and administratively sound. Most of the Government administrative offices contacted shared that view and apparently would not use travel agencies even if free to do so.

One of the reasons for requiring Government agencies to procure passenger transportation services directly from the carriers is the availability of special discounts; reduced fares, rates, and charges; and concessions granted by carriers on Government travel. These concessions are granted partly because

092534

900760

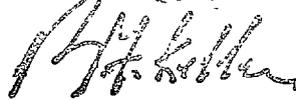
B-103315

carriers enjoy certain sales and administrative economies by dealing directly with the Government at no promotional expense.

407 The Association of American Railroads and the Air Transport Association 9327
over the years have adopted the position that the fundamental purpose of the travel agent, in the carriers' view, is to promote and sell travel and that this purpose is not fulfilled in the case of Government travel. According to the associations, their arrangements do not provide for the payment of commissions on Government travel business. Also the Air Transport Association has advised that "the airlines have no intention of agreeing to pay commissions for official Government travel."

In our opinion, the conclusions reached in our 1966 study continue to be valid and are applicable to current Government passenger transportation procurements. A copy of that report (B-103315, October 17, 1966) is enclosed for your information.

Sincerely yours,



Comptroller General
of the United States

Enclosure

The Honorable Nick Begich
House of Representatives